

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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**IN THE MATTER OF: Michael H. Hess (CRD #702358), and  
Quantum Holdings, LLC, Respondents**

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) **File No. 1000403**  
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**CORRECTED NOTICE OF HEARING**

**TO RESPONDENT:**

Michael H. Hess (CRD #702358)  
15101 Dendinger Drive  
Covington Louisiana 70433

Quantum Holdings, LLC  
2606 Bienville Street  
New Orleans Louisiana 70119

Quantum Holdings, LLC  
2027 Philip Drive, Suite B  
Covington Louisiana 70433

c/o Gregg Minkow, Esq.  
Minkow & Bergman, LTD.  
105 West Madison Street, Suite 1500  
Chicago, Illinois 60062

Respondents are hereby notified that pursuant to Section 11.F of The Illinois Securities Law of 1953, as amended, Ch. 815 ILCS 5/1, et seq. (the "Act") and 14 Ill. Adm. Code 130, Subpart K, and Respondents' request to have a public hearing within thirty days of receipt of the Temporary Order of Prohibition heretofore issued will be held at 69 West Washington Street, Suite 1220, Illinois 60602, on the 8<sup>th</sup> day of June 2011, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before James L. Kopecky, or another duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether a permanent Order of Prohibition should be entered against Michael H. Hess, individually, and Quantum Holdings, LLC, Its, partners, its officers and directors, agents, employees, affiliates, successors and assigns the ("Respondents"), and/or granting such other relief as may be authorized under the

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Act including, but not limited to, censure and the imposition of a monetary fine in the maximum amount of \$10,000 per violation, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. Respondent **Michael H. Hess**, ("Respondent Hess") is currently listed as a non-registered fingerprint person at Morgan Stanley Smith Barney located at 2000 Westchester Avenue, Purchase New York 10577. Respondent Hess has a last known address of 15101 Dendinger Drive, Covington Louisiana 70433.
2. Between April 2008 and March 27, 2009, Respondent Hess was registered as a salesperson with Morgan Stanley Smith Barney in the States of Louisiana and Illinois, and as an Investment Advisor Representative in the State of Louisiana.
3. Respondent **Quantum Holdings, LLC** ("Respondent Quantum Holdings") is a limited liability company organized in May of 2008 and based in the State of Louisiana. Respondent Hess is the Manager and Organizer of Quantum Holdings, LLC. Respondent Hess also styles himself as the president of Quantum Holdings, LLC.
4. Respondent Hess solicited one or more Illinois Investor(s) to invest in farming equipment for an agricultural project in Sudan.
5. On or about July 2009, one or more Illinois Investor(s) gave a check to Respondent Hess, made payable to Respondent Quantum Holdings, in the amount of \$100,000. The \$100,000 investment was to be used solely for the purchase of farming equipment and to get the African farming operation started.
6. In return for said \$100,000 check, Illinois Investor(s) received a Promissory Note signed by Respondent Hess on behalf of Respondent Quantum Holdings.
7. The Promissory Note also promised the Investors that Respondent Hess would repay their principal investment within three (3) to four (4) months, plus a 50% return.
8. The activities in paragraphs three (3) through five (5) constitute the purchase and sale of a promissory note and therefore a security as that term is defined in Section 2.1, 2.5 and 2.5a of the Illinois Securities Act of 1953 [815 ILCS 5] (the "Act").
9. Respondent Hess failed to file an application with the Secretary of State to register the promissory notes(s) as required by the Act, and as a result the

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promissory note(s) were not registered as such prior to their offer and sale in the State of Illinois.

10. Section 12.A of the Act provides, *inter alia*, that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
11. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person "to fail to file with the Secretary of State any application, report or document, required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act."
12. By virtue of the foregoing, Respondent Hess and Respondent Quantum Holdings violated Sections 12.A and 12.D of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this corrected notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Amended Notice of Hearing.

You are also notified, pursuant to the Illinois Administrative Code, Title 14, Subtitle A, Chapter 1, Part 130, Subpart K, Procedures for Administrative Hearings: Section 130.1102 c), which in part provides: "That by requesting a hearing the Respondent agrees to a tolling of the time limitation on the effectiveness of the Temporary Order or Prohibition or Suspension for 60 days from the date the request is received by the Department."

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute a default; unless any Respondent has upon due notice moved for and obtained a continuance.

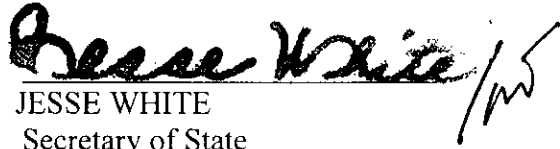
A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is posted at: <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>.

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Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 4<sup>th</sup> day of May 2011.

A handwritten signature in black ink, appearing to read "Jesse White", followed by a stylized flourish or initials.

JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

Samuel F. Freiman  
Illinois Securities Department  
69 West Washington Street, Suite 1220  
Chicago, Illinois 60602  
312.793.3384

Hearing Officer:

James L. Kopecky  
Kopecky, Schumacher, & Bleakley, P.C.  
203 North LaSalle Street, Suite 1620  
Chicago, Illinois 60601  
Telephone: (312) 380-6552